

THE TORONTO STOCK EXCHANGE

8/20/70

FILING STATEMENT NO. 1747
FILED AUGUST 25th, 1970.

pao
UNITED BATA RESOURCES LIMITED (NON-PERSONAL LIABILITY)

Full corporate name of Company

Companies Act Province of British Columbia, October 21, 1968

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957.)

FILING STATEMENT

Reference is made to
Listing Statement No. 2454.

(To be filed with respect to any material change in a company's affairs, including among other things,
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.

On July 27, 1970, the Company entered into an Agreement superseded by a second Agreement dated August 14, 1970, with Pan Ocean Oil Corporation (hereinafter called "Pan Ocean") and Pan Ocean Oil (Canada) Ltd. (hereinafter called "Pan Ocean Canada") which, subject to approval of appropriate regulatory authorities and counsel and to formal documentation, in part and in essence provides as follows:-

On or before October 15, 1970, Pan Ocean will lend \$7,000,000 to the Company to be secured by a convertible debenture as a first and fixed charge against the Company's interest in six sections of its Strachan, Alberta properties and as a first floating charge against the Company's assets and undertakings. The debenture will have a term of five years and will bear interest at 5-3/4% per annum payable semi-annually and will be convertible throughout its term and at any time in whole or in part, into common shares of the Company at a price of \$3.75 per share. Funds so derived will be used to discharge the Company's bank indebtedness for plant participation and development drilling; and to obtain release of security presently granted to the Bank of Montreal.

The debenture will be redeemable in whole or in part during its third to fifth years at premiums varying from 6% to 2% and will require sinking fund payments during the fourth and fifth years equal to 50% of the Company's net income during each of those years with minimum payments of \$1,750,000 during each of such fourth and fifth years.

The debenture will carry share purchase warrants to purchase two million shares of the Company as follows: one million shares until September 30, 1973, at a price of \$4.00 per share and one million shares until September 30, 1975, at a price of \$6.35 per share - such warrants to be exercisable at any time in whole or in part during the period from the date of issue of the debenture to their indicated expiry dates.

Pan Ocean Canada will sell to the Company its interest in certain exploratory permits (net interest to be acquired approximately 3,300,000 acres) located largely in the Arctic Islands, Hudson Bay and Canadian East Coast offshore and a ten percent working interest in a North Sea permit comprising 110,000 acres in exchange for 500,000 treasury shares of the Company.

It is intended that in due course, Nominees of Pan Ocean shall be elected to the Board of the Company to the extent of five members on a Board of ten or like ratio.

The Company shall, by requisite corporate action, reserve and keep reserved 1,866,666 shares for issuance upon conversion of the debenture and 2,000,000 shares for issuance upon exercise of the share purchase warrants.

The Company's unissued and unreserved share capital position will not presently accommodate certain of the terms above and an Extraordinary General Meeting of Shareholders has been called for August 28, 1970, to pass a Resolution increasing Authorized Capital.

A copy of the above referenced Agreement - "Supplemental Letter of Intent" dated August 14, 1970, is attached.

A Valuation Report dated August 1, 1970, prepared by James A. Lewis Engineering Co. Ltd., places value of \$3,894,500 on the 3,301,949 net acres to be acquired under the Agreement and a copy of such report is also attached. Also attached are land plats showing locations, gross and net acreage, work obligations, percentage interests and partners.

"No Director or Officer of United Bata Resources Limited (N.P.L.) has any interest direct or indirect, in Pan Ocean Oil Corporation, Pan Ocean Oil (Canada) Ltd. or in the transactions contemplated with those Companies."

2. Head office address and any other office address.	Head - 1050 Three Calgary Place, Calgary 1, Alberta Registered - 17th flr., 1075 W Georgia Street, Vancouver, B.C. Executive - #605, 372 Bay Street, Toronto 1, Ontario			
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	The following are the Officers and Directors of the Company and their occupations for the past five years:			
Name and Address	Occupation	Office Held		
Frank A. Schultz 730 Fidelity Union Tower Dallas, Texas	Oil Executive and Consultant	Chairman of the Board and Director		
Adam A.W. Kryczka 2205 Hope Street, S.W. Calgary, Alberta	Oil Executive and Geologist	President and Director		
Phillip J. DeZwirek 605 - 372 Bay Street Toronto 1, Ontario	Management Consultant	Vice President and Director		
William H. Price 10615 Willowgreen Drive S.E. Calgary 30, Alberta	Oil Executive and Professional Engineer	Executive Vice President and Director		
James Bernard Cotsworth 64 Woodlark Drive, S.W. Calgary, Alberta	Accountant	Secretary Treasurer		
Kenneth P. Bottoms 343 Willowridge Place Calgary, 43, Alberta	Oil Executive and Geologist	Director		
Zave Climan 61 Aberdeen Avenue Montreal 217, Quebec	Investment Counsel	Director		
Aaron L. Colvin 6246 Rex Street Dallas, Texas 75230	Oil Executive	Director		
Richard S. Lennie 1118 Highland Place West Vancouver, British Columbia	Corporate Executive	Director		
"Note - Upon the Agreement dated August 14, 1970, between the Company and Pan Ocean Oil Corporation and Pan Ocean Oil (Canada) Ltd. becoming operative and effective it is the intent that nominees of Pan Ocean Oil Corporation shall be elected or appointed to the Board of the Company to the extent of five members on a Board of ten or a like ratio."				
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized Capital: \$5,000,000 divided into 10,000,000 common shares of 50 cents par value each. *			
	Issued and Outstanding: 8,481,460 common shares of 50 cents par value each.			
	* The Directors of the Company have called an Extraordinary General Meeting of Shareholders to be held on August 28, 1970, for the purpose of passing a Resolution with or without amendment to increase the Company's Authorized Capital to \$9,000,000 divided into 18,000,000 common shares of 50 cents par value each. At the date of this Filing Statement the results of such Meeting cannot be ascertained or predicted.			

5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	<p>In July, 1969, the Bank of Montreal agreed to lend United Bata up to \$7,000,000, as required by way of a production loan secured by assignments under Section 82 of the "Bank Act" of United Bata's interests in six sections of its Strachan-Ricinus holdings, portions of which may be released from the charge upon request if at any time, or from time to time, such security appears to be in excess of the Bank's usual requirements. Of this total bank credit, some \$4,800,000 will be required to meet United Bata's indicated share of the construction costs in the installation of the gathering system and natural gas processing plant in the Strachan-Ricinus area. The balance of the credit will be available to cover United Bata's share of further drilling in the area and other obligations. The loan which may be repaid at any time or from time to time, is repayable in equal monthly installments over a 7-year period commencing January, 1971, or upon receipt of the first revenues under the contract between United Bata and TransCanada Pipe Lines Ltd..</p> <p>There are no bonds, debentures, notes, mortgages, charges, liens, or hypothecations outstanding save as follows:</p> <p>All of the 7-1/2% convertible debentures issued by United Bata in the aggregate principal amount of \$500,000 have been converted into 500,000 shares; in the result, the security for the debentures by way of floating charge under the deed of trust made as of January 1, 1969, which at the date hereof is still registered, is now to be discharged by way of formal instrument and registration.</p>
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	<p>A total of 260,000 shares of the Company are under option to key management personnel by way of incentive stock options and a further 160,000 shares have been reserved for future options not yet granted.</p> <p>Warrants to purchase up to a total of 500,000 shares of the Company previously attached to convertible debentures now converted are presently outstanding.</p> <p>For details see Schedule "A" on page 5.</p> <p>Also refer Item 1.</p>
7. Names and addresses of persons having any interest, direct or indirect, in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	<p>See Schedule "A" on page 5 and Item 1.</p> <p>No assignments contemplated.</p>
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None

9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.

The Company is not at August 14, 1970, drilling or participating in the drilling of any wells.

Further exploratory and development drilling is contemplated on the Company's Strachan land holdings but is dependent upon the results of current activity in the general area and the express wishes of the Company's partners in the area.

Possibly step-out tests will be drilled to recent successes announced by Banff and no doubt a development programme will eventually be carried out to further define the Cardium reserves found in the Amerada et al Ricinus 16-26-36-9 W5 well.

The Company will continue its participation in construction of the Strachan field gas processing plant presently in course of construction with completion scheduled for December, 1970. Resultant products will be natural gas, liquid products, and sulphur.

Geochemical and geological studies are being and will be conducted on various mineral prospects. It is anticipated that geophysical work will be done on certain of the properties proposed to be acquired from Pan Ocean Oil (Canada) Ltd.

Thelon:

Ground geological checking of anomalies disclosed in preliminary air borne geophysical work (carried out in 1969) is currently underway and no further work is proposed pending results of such checking.

Bowser Basin:

On the basis of photo-geological studies acreage was reduced to 683,454 acres and surface geological studies both structural and stratigraphic are now being conducted on those features outlined by the preliminary photo-geological study. Further work will depend on the results of such surface studies and the activity of others in the area.

S. Walsingham, Ontario:

A development drilling programme will commence in September, 1970 to delineate gas reserves outlined by the discovery well Shawnee UBR S. Walsingham 3-4-A.

Blackstone - Sturrock - Chungo:

The Company expects to select leases at Blackstone and to review area geology and geophysics. It is not anticipated that the Company will proceed with its option right to drill an exploratory well on the Chungo block and that in the result the Company will forfeit its interest in this parcel. Nor will the Company exercise its option right to drill further at Sturrock Creek.

Happy Valley:

Leases will be selected and area geology and geophysics will be reviewed.

Avonlea:

Leases are being selected from permit acreage and well data is being studied prior to any further commitment.

Galaxy Copper Prospect:

Reports, subject to Company approval, from Kimberley Copper Mines Ltd. indicate that phase two of the earning programme has been completed.

If the proposed financing (see Schedule Item 1) is effected it is intended that funds so derived will be used 1) to discharge fully the Company's debt to the Bank of Montreal (see Schedule Item 5), 2) to meet the balance of the Company's share of indicated expenditure on the natural gas processing plant - Strachan area and 3) for further development drilling in the Strachan - Ricinus area.

In general, the Company's future plans will be to further acquire and explore mineral and oil and gas properties.

10. Brief statement of company's chief development work during past year.

See Schedule "B" on page 7.

SCHEDULE "A"

A total of 260,000 shares of the Company are presently under option by way of incentive stock options either granted by the Company or assumed by it as an obligation of one of its predecessors, or granted by the Company itself to new key employees, made up as follows:

<u>Optionee</u>	<u>No. of Shares Remaining Under Option</u>	<u>No. of Shares in each Annual Installment</u>	<u>Period of Installment</u>	<u>Option Price</u>
Frank A. Schultz 730 Fidelity Union Tower Dallas, Texas 75201	25,000	25,000	January 7/71 - January 6/72	\$2.00
Phillip DeZwirek 605 - 372 Bay Street Toronto 1, Ontario	30,000	30,000	August 1/70 - July 31/71	2.00
William H. Price 10615 Willowgreen Drive S.E. Calgary 30, Alberta	15,000	15,000	August 1/70 - July 31/71	2.00
<u>70,000</u>				

	<u>No. of Shares Under Option</u>	
Adam A.W. Kryczka 2205 Hope Street S.W. Calgary, Alberta	80,000	
Phillip J. DeZwirek 605 - 372 Bay Street Toronto 1, Ontario	15,000	Options represented by the
William H. Price 10615 Willowgreen Drive S.E. Calgary 30, Alberta	35,000	190,000 shares here detailed are exercisable on a cumulative
James Bernard Cotsworth 64 Woodlark Drive S.W. Calgary, Alberta	30,000	basis as to 25% in respect of each
John K. Grove 811 Crescent Blvd. Calgary, Alberta	15,000	option in each of the four years
Norman S. Brumwell 8 Varal Place N.W. Calgary, Alberta	15,000	extending from June 3, 1970 to May 31, 1974
	<u>190,000</u>	
	<u>260,000</u>	

WARRANTS

Warrants were attached to the Company's 7-1/2% convertible debentures (now converted to common shares) entitling the holders thereof to purchase up to a total of 500,000 shares of the Company. Pursuant to the terms and conditions of the trust indenture these warrants were detached from the debentures on July 1, 1969, and are now exercisable up to 2 p.m. on January 1, 1979, but will become null and void

thereafter. Such warrants are exercisable, in whole or in part, upon payment of the following prices within the following periods:

<u>Period</u>	<u>Exercise Price Per Share</u>
During the 18-month period commencing July 1, 1969, and ending December 31, 1970	\$1.50
During the 24-month period commencing January 1, 1971, and ending December 31, 1972.	\$2.00
During the 24-month period commencing January 1, 1973, and ending December 31, 1974.	\$2.50
During the 24-month period commencing January 1, 1975, and ending December 31, 1976.	\$3.00
During the 24-month period commencing January 1, 1977, and ending January 1, 1979.	\$3.50

The exercise price for the warrants is subject to adjustment in the event that any common shares are issued for consideration less than the exercise price then in effect and in the event of any sub-division, consolidation or reclassification of the common shares or in other cases where dilution of the warrants would result.

WARRANT HOLDERS

<u>Name</u>	<u>Warrants to Purchase Common Shares</u>
Aaron L. Colvin	15,000
Mrs. Laverne W. Santerre	5,000
William G. Webb	10,000
Frank A. Schultz III	1,000
Christian D. Schultz	1,000
Frank A. Schultz	75,000
Bessie Barree	1,000
Dewey G. Burger	1,000
John S. Goff	2,000
William Kurecka	1,000
Frankie D. Lacy	1,000
Ora D. Runyon	3,000
Susie Schultz	1,000
Lottie Wohbold	1,000
Dudley D. Taylor	95,000
David C. Smith	73,000
Whit H. Clark	24,000
L. D. Smith	38,000
Charles Cobb IV	145,000
Republic National Bank of Dallas A/C Charles Herridge Schultz	4,000
A/C Ann Katherine Schultz	2,000
A/C Mary Elizabeth Schultz	1,000
TOTAL	<u>500,000</u>

SCHEDULE "B"

Since the Company's incorporation in 1968, it has participated in the drilling of the following wells:

	<u>Depth (ft.)</u>		<u>Date</u>
Amerada et al Strachan I0-17-38-9 W5	13,700	Wildcat (Alberta) abandoned	5/4/69
Stampede Banff Aquit N. Paddy a-63-J/94-H-16	8,686	Wildcat (British Columbia) abandoned	19/2/69
B.A. et al Strachan II-27-37-9 W5	13,625	Development (Alberta) capped gas well	22/11/68
Gulf et al Strachan II-22-37-9 W5	13,140	Development (Alberta) capped gas well	10/6/69
Amerada et al Ricinus I6-26-36-9 W5	10,060	Wildcat (Alberta) capped gas well	4/5/69
Gulf et al Strachan I0-24-37-9 W5	13,492	Wildcat (Alberta) suspended	3/9/69
Gulf et al Ricinus 7-28-36-8 W5	14,171	Wildcat (Alberta) abandoned	19/9/69
Omega et al Sapphire 7-28-2-5 W4	3,545	Wildcat (Alberta) capped gas well	4/7/69
Amerada et al Ricinus I0-34-36-9 W5	14,728	Wildcat (Alberta) abandoned	11/11/69
KR et al Callum I5-15-12-2 W5	10,100	Wildcat (Alberta) abandoned	21/2/70
Canso Eureka 8-18-31-22 W3	2,350	Development (Saskatchewan) oil well	14/5/69
Gulf et al Strachan II-28-37-9 W5	13,806	Development (Alberta) capped gas well	12/2/70
UBR Gulf Blackstone 8-3-42-18 W5	13,558	Wildcat (Alberta) abandoned	7/4/70
Gulf et al Strachan I0-21-37-9 W5	13,500	Development (Alberta) capped gas well	6/5/70
Shawnee UBR et al Bayham I27 STR	1,495	Wildcat (Ontario) abandoned	16/12/69
Shawnee UBR S. Walsingham 3-4-A	1,475	Wildcat (Ontario) capped gas well	15/1/70
Shawnee UBR et al S. Walsingham 3-5-I	1,476	Wildcat (Ontario) abandoned	26/1/70
Shawnee UBR N. Walsingham No. I	1,439	Wildcat (Ontario) abandoned	3/3/70
Townsend UBR et al Bayham I14 NTR	1,475	Wildcat (Ontario) abandoned	24/12/69
Shawnee UBR Malahide 3-2I-II	1,600	Wildcat (Ontario) abandoned	9/4/70
Bayham 2-8-IV	1,515	Wildcat (Ontario) abandoned	18/5/70
UBR Chiefco Sturrock I0-7-41-16 W5	11,084	Wildcat (Alberta) abandoned	26/6/70
UBR et al Baildon 7-25-15-25 W2	7,690	Wildcat (Saskatchewan) abandoned	6/7/70
UBR et al Baildon I4-19-15-25 W2	4,800	Wildcat (Saskatchewan) abandoned	3/8/70
UBR et al Baildon 6-16-15-25 W2	5,800	Wildcat (Saskatchewan) abandoned	4/8/70
Shawnee UBR et al Malahide 4-30-3	1,604	Wildcat (Ontario) abandoned	8/4/70
Shawnee UBR et al Malahide 2-3I-3	1,590	Wildcat (Ontario) abandoned	6/7/70
Ensign et al Chaplin Lake I5-19-16-II W3	3,675	Wildcat (Saskatchewan) abandoned	9/6/70

In addition, the Company has purchased an interest in the Lake Erie Gas S. Walsingham #1 capped gas well in Ontario.

As of August 14, 1970, the Company is not participating in any wells.

Saskatchewan During the past year geological and geophysical studies were conducted on a large acreage block (approximately 100,000 acres) in Southwest Saskatchewan (Avonlea) which resulted in the drilling of three wildcat wells (dry and abandoned). Leases are presently being selected and well data is being studied prior to further commitment.

Alberta Geological and geophysical studies were undertaken in the Blackstone Sturrock and Chungo areas resulting in the drilling of two wildcat wells - Blackstone and Sturrock - both dry and abandoned. Geological and geophysical studies continue in the Chungo area and also in the Strachan Ricinus area.

NON SCHEDULED ITEM

**Corrections and Addendum to Listing Statement – Toronto Stock Exchange dated
April 30, 1970**

CORRECTIONS

Item 28 Royalties Payable Upon Production

STRACHAN AREA

(b) add the following:

"except on Section 14, N₂¹ 15, N₂¹ 16, E₂¹ 20, 21, 22, 23, 24, 34, 35, E₂¹ 36 in T37, R9W5 and Secs. 3 & 4, T38, R9W5 where the override is approximately 6.56%"

Appendix 2 (a) Under heading – Period of Annual Installment

in respect of DeZwirek and Price options, terminal dates are July 31, 1971 and not 1972 as indicated

Addendum - Item 28

Insert -

Royalties Payable on Properties acquired since April 30, 1970 as follows:

ARCTIC

Crown + 6% overriding royalty to Bralorne Oil & Gas Ltd.

SASKATCHEWAN

Chaplin Lake

Crown royalty on Sections 22, 23, 27, 28, 29, 31, 32
in T16, R11 W3

Freehold royalty of 12 ½% on balance

Appendix 7

(b)(6)(C) submissions

LIST OF PROPERTIES

The following properties have been dropped since April 30, 1970

ALBERTA

Strachan Area

As a result of Lease Selection from Drilling Reservation 1922 and the termination of DR 1922 the Company has dropped the following lands in which it held a 9.073% interest:

	<u>Total Acres</u>
E/2 35, N/2 & SW/4 36 in T35R8W5	
Secs. 1, SE/4 2, SW/4 3, W/2 9, E/2 12, E/2 13, W/2 16,	
E/2 17, N/2 & SE/4 20, W/2 21,	
Sec. 27, 28, S/2 29, N/2 31, N/2 32 & Sec. 33 in T36 R8W5	
Sec. 4, S/2 5, N/2 & SE/4 6, S/2 & NW/4 7, N/2 9, 16,	
W/2 18 in T37R8W5	<u>10,240.00</u>

U.S.A. - Montana

Bowdoin Area

<u>Lease No.</u>	<u>Acres</u>
M 1826	1278.74
M 1830	625.92
M 1831	1200.00
M 1832	1120.00
M 1849	480.00
M 1850	634.00
M 1860 - 1866 inc.	6198.05
M 1869 - 1871 inc.	<u>5674.17</u>
	<u>17,210.88</u>

Freehold

T27N, R33E, MPM: Sec. 1, S/2 SW & Sec. 12, N/2 NW	160.00
T27 N, R33 E, MPM: Sec. 12, S/2 SW/4, Sec. 13, NE/4, N/2 NW/4	320.00
T27 N R32 E, MPM:	
Sec. 27: NE/4 NE/4, W/2	
Sec. 28: All	
Sec. 29: E/2	
Sec. 30: E/2	
T26 N R32 E, MPM: Sec. 31 Lot 2, S/2 NE/4, NW/4, SE/4, E/2 SW/4 SE/4	1,819.84
T27N R33E, MPM: Sec. 13, SE/4	160.00
	<u>19,670.72</u>

Appendix 7 (Cont'd)

The following properties have been acquired since April 30, 1970

ARCTIC ISLANDS

Lancaster Sound - Prince Regent Inlet

An undivided 50% working interest in all of the permits listed below subject to crown royalty and a 6% overriding royalty to Bralorne Oil & Gas Ltd.

Permit No.	Date of Permit	Grid Area Designation			Acreage	Company Net Interest
		Latitude	Longitude			
A-5339	June 11, 1969	E $\frac{1}{2}$	72° 50' N.	91° 30' W.	38,049	19,024
A-5340	June 11, 1969	W $\frac{1}{2}$	73° 00' N.	91° 00' W.	37,693	18,846
A-5341	June 11, 1969	E $\frac{1}{2}$	73° 00' N.	91° 30' W.	37,693	18,846
A-5342	June 11, 1969	Whole	73° 10' N.	91° 00' W.	74,674	37,337
A-5343	June 11, 1969	Whole	73° 30' N.	90° 30' W.	73,247	16,623
A-5344	June 11, 1969	W $\frac{1}{2}$	73° 40' N.	90° 00' W.	36,266	18,133
A-5345	June 11, 1969	E $\frac{1}{2}$	73° 40' N.	90° 30' W.	36,266	18,133
A-5346	June 11, 1969	Whole	73° 50' N.	90° 00' W.	71,819	35,909
A-5347	June 11, 1969	N $\frac{1}{2}$	74° 10' N.	90° 00' W.	35,104	17,552
A-5348	June 11, 1969	N $\frac{1}{2}$	74° 10' N.	90° 30' W.	35,104	17,552
A-5349	June 11, 1969	Whole	74° 20' N.	89° 00' W.	69,670	34,835
A-5350	June 11, 1969	Whole	74° 20' N.	89° 30' W.	69,670	34,835
A-5351	June 11, 1969	Whole	74° 30' N.	89° 30' W.	68,953	34,476
A-5431	June 17, 1969	W $\frac{1}{2}$	73° 40' N.	88° 30' W.	36,266	18,133
A-5432	June 17, 1969	Whole	73° 40' N.	89° 00' W.	72,533	36,277
A-5433	June 17, 1969	S $\frac{1}{2}$	73° 50' N.	88° 30' W.	35,999	18,000
A-5434	June 17, 1969	N $\frac{1}{2}$	74° 10' N.	91° 00' W.	35,104	17,552
A-5435	June 17, 1969	S $\frac{1}{2}$	74° 20' N.	91° 00' W.	34,925	17,462
A-5436	June 17, 1969	S $\frac{1}{2}$	74° 40' N.	90° 00' W.	34,207	17,103
A-5437	June 17, 1969	E $\frac{1}{2}$	75° 00' N.	93° 00' W.	33,399	16,699
A-5438	June 17, 1969	E $\frac{1}{2}$	75° 10' N.	93° 00' W.	33,039	16,569
A-5439	June 17, 1969	E $\frac{1}{2}$	75° 20' N.	93° 00' W.	32,678	16,339
A-5440	June 17, 1969	E $\frac{1}{2}$	75° 30' N.	93° 00' W.	32,317	16,158

SASKATCHEWAN

Chaplin Lake Area

	P & NG Leases Acres	Company Interest Percent	Company Net Interest - Acres
T16, R11 W3M Secs. 22, 23, 27, 28, 29, 31 & 32	4,480 acres	12½%	560 acres
SW $\frac{1}{4}$ 26, 16-12W3	80	25	20
E $\frac{1}{2}$ 8, 16-11W3	320	25	80
SW $\frac{1}{4}$ 8-16-11W3	100	25	25
NW & SW $\frac{1}{4}$'s 8-16-11W3	220	25	55
NW $\frac{1}{4}$ 13-16-12W3	160	25	40
E $\frac{1}{2}$ 13-16-12W3	320	25	80

The following changes in the company's ownership have occurred:

SASKATCHEWAN

Helium Permit - United Bata interest becomes 16 2/3% by virtue of assignments to the partners in the overall Avonlea project

Avonlea Acreage - United Bata interest reduces to 50% of that shown on the listing statement as a result of a farmout to Sun Oil Company

Supplemental Memorandum of Intent

UNITED BATA RESOURCES LIMITED (NON PERSONAL LIABILITY) ("UNITED BATA") -
PAN OCEAN OIL CORPORATION ("PAN OCEAN") PAN OCEAN OIL (CANADA) LTD. ("PAN
OCEAN CANADA")

The parties hereto have entered into a certain Memorandum of Intent dated the 27th day of July, 1970, (which is hereafter called the "First Memorandum") which set forth and confirmed certain discussions held pertaining to the active participation by Pan Ocean in the management of United Bata. The parties hereto have agreed to certain changes in the terms of the First Memorandum and desire to replace the First Memorandum with this Second Memorandum of Intent.

As a result of these discussions Pan Ocean proposes to:

1. Lend United Bata for corporate purposes the principal sum of seven million dollars to be secured by a convertible debenture as a first and fixed charge against United Bata's interest in Petroleum and Natural Gas Leases underlying the following described lands:

Sec. 22, Twp. 37, Rge. 9, W5M	W.I.	33.75%
Sec. 27, Twp. 37, Rge. 9, W5M	W.I.	9.07%
Sec. 28, Twp. 37, Rge. 9, W5M	W.I.	9.07%
Sec. 29, Twp. 37, Rge. 9, W5M	W.I.	9.07%
Sec. 33, Twp. 37, Rge. 9, W5M	W.I.	33.75%
Sec. 34, Twp. 37, Rge. 9 W5M	W.I.	33.75%

and as a first and floating charge against United Bata's assets and undertakings. Such debenture to have a term of five years with interest at 5 3/4% payable semi-annually. The debenture to be convertible at any time during its term and in such amounts as may from time to time be determined by Pan Ocean into voting shares of the common stock of Bata at a price of \$3.75 per share. Such debenture to be redeemable by United Bata in whole or in part (with a minimum of one million dollars principal in any one redemption) after the expiration of the first two years of its term on the following terms:

- (a) if the redemption occurs at any time during the third year of the term of the debenture, United Bata will pay a redemption premium of 6% of the principal amount to be redeemed.
- (b) if the redemption occurs at any time during the fourth year of the term of the debenture, United Bata will pay a redemption premium of 4% of the principal amount to be redeemed,
- (c) if the redemption occurs at any time during the fifth year of the term of the debenture, United Bata will pay a redemption premium of 2% of the principal amount to be redeemed.

United Bata will give thirty days notice of its intention to redeem and the right of conversion shall remain unaffected and undiminished during such thirty day period.

United Bata will establish and maintain a sinking fund during the fourth and fifth years of the term of the debenture, such fund to comprise 50% of United Bata's net income during United Bata's fiscal years most closely related to the said fourth and fifth years but in any event to be not less than \$1,750,000 for each such year.

Such loan to be advanced by Pan Ocean to United Bata on or before the 15th day of October, 1970.

2. United Bata will utilize the funds so provided to pay the indebtedness due to the Bank of Montreal and for Plant participation and development drilling and to obtain full and proper discharge of securities registered by the Bank of Montreal against Bata's assets and undertakings.

3. As additional consideration for the advance of the seven million dollars the said debenture issued by United Bata will carry share purchase warrants to purchase two million shares of the Company from the date of issue of the debenture as follows: one million shares until September 30, 1973, at a price of \$4.00 per share and one million shares until September 30, 1975, at a price of \$6.35 per share.

Such warrants may be exercised in whole or in part and on such occasions during the term thereof as Pan Ocean may elect and Pan Ocean may assign its rights under the aforesaid share warrants.

4. Pan Ocean Canada, a subsidiary of Pan Ocean will sell to United Bata its interest in those certain Exploratory Permits listed and set forth in the first two pages of Table 1 attached to and forming a part of a report prepared by James A. Lewis Engineering Co. Ltd. and dated the 1st. day of August, 1970, such pages being annexed hereto as Schedule "C", and a 10% undivided working interest in and to Petroleum Licenses covering blocks 16/3 and 16/7 in the North Sea issued by the Minister of Technology of the United Kingdom for an aggregate of 500,000 shares of the capital stock of United Bata.

5. United Bata will take whatever corporate steps may be necessary to increase its capitalization to the extent necessary to permit the due exercise by Pan Ocean of its rights of conversion and its share purchase warrants and the acquisition of land interests from Pan Ocean Canada, but such authorized capital shall not be increased above a total amount of eighteen million common shares having a nominal or par value of 50¢ each. United Bata shall, by the requisite corporate action throughout the term of the debenture and the share purchase warrants, reserve and keep reserved 1,866,666 shares for issuance upon conversion of the debenture and 2,000,000 shares for issuance upon exercise of the share purchase warrants.

6. All references herein as to monetary amounts are in Canadian dollars and this Agreement is to be interpreted in accordance to the laws of the Province of Alberta such being the situs of the majority of the assets of United Bata.

This Agreement is especially made subject to the following conditions:

1. That the title of United Bata to its assets be approved by Pan Ocean's Canadian counsel and the title of Pan Ocean Canada to the lands described in Paragraph 4 (supra) be approved by United Bata's counsel.
2. That the authorized and issued capital of United Bata and the business and financial condition of the company and each of them are as described and set forth in a Director's Circular dated July 13, 1970.
3. That no payments or benefits other than those set forth in the Director's Circular have been made or authorized or commitments with respect thereto entered into by United Bata or any of its subsidiaries to officers, directors or employees of United Bata or any of its subsidiaries except in the ordinary course of business and at the regular rate of salary or regular remuneration and that United Bata or its subsidiaries shall not enter into any such arrangements or commitments. United Bata will not issue or allot any authorized but unissued shares save to the extent necessary to meet any existing commitments as described in the aforesaid Directors' Circular.
4. It is the intent that nominees of Pan Ocean shall be elected or appointed to the Board of United Bata to the extent of five members on a Board of ten or a like ratio.
5. That there shall be no actions or proceedings pending, to the knowledge of United Bata or Pan Ocean threatened against, or affecting United Bata or any of its subsidiaries in or before any court or any government department, commission, board, bureau, agency or instrumentality domestic or foreign which if successful would in the sole opinion of Pan Ocean substantially and adversely affect the operation, income or assets of United Bata or its subsidiaries.
6. That such consents or waivers as may be necessary under any agreement affecting United Bata shall have been obtained.
7. That there shall be no change in the current status of the stock holding in United Bata resulting in a party or parties who may be adverse in interest accumulating stock in sufficient quantities to affect or influence control of United Bata. Pan Ocean shall be the sole judge as to whether the party or parties are adverse in interest and as to whether control has been affected or influenced. Pan Ocean must advise United Bata at any time up to October 15, 1970, if Pan Ocean has decided that the control has been adversely affected or influenced; and failure to so advise will be deemed to constitute a decision that the control has not been so adversely affected or influenced.

8. That no governmental authority in Canada shall have imposed or threatened to impose any law, order or decree which may or will apply adversely to the proposal herein contemplated or would impede or prohibit the exercise by Pan Ocean of its rights of conversion and options or impede or prohibit the acquisition of Pan Ocean Oil (Canada) Ltd. of the shares to be issued to it.

This Memorandum is meant to set forth the agreement in principal reached by the parties but is expressly made subject to the above conditions and the execution of formal agreements more fully embodying the terms of the security and of the share purchase warrants and share acquisition and to the approval of all the appropriate regulatory bodies on terms acceptable to all parties and to the approval of the solicitors of all parties.

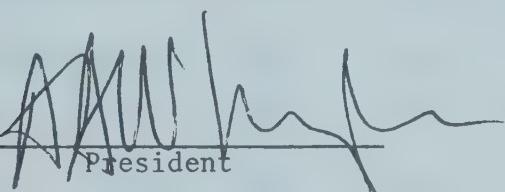
In the event the above conditions have not been complied with or waived by the affected parties on or before the 15th day of October, 1970, then this Agreement shall thereupon terminate and the parties shall be released from all obligations thereunder.

The First Memorandum is hereby cancelled and superseded by this Second Memorandum of Intent.

DATED at the City of Calgary, in the Province of Alberta
this 14th day of August, 1970

UNITED BATA RESOURCES LIMITED
(NON PERSONAL LIABILITY)

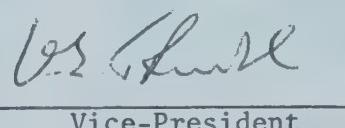
By:



President

PAN OCEAN OIL CORPORATION

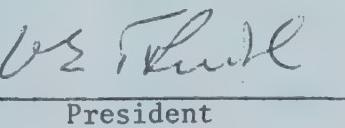
By:



Vice-President

PAN OCEAN OIL (CANADA) LTD.

By:



President

Schedule C

Attached to a Memorandum of Intent Between United Bata Resources Limited (Non Personal Liability), Pan Ocean Oil Corporation, Pan Ocean Oil (Canada) Ltd. dated the

Table 1 14th day of August, 1970

SUMMARY OF VALUES

PROSPECTIVE LAND HOLDINGS

August 1, 1970

PAN OCEAN OIL (CANADA) LTD.

Canadian and North Sea Properties

James A. Lewis Engineering Co. Ltd.
Petroleum Reservoir Analysts
9660; 8-10-70

Area	Type of Holding	Gross Acres	PAN OCEAN INTEREST		VALUE ASSIGNED	
			Per Cent	Net Acres	Per Acre	Total
ARCTIC ISLANDS						
Lancaster Sound A5476-A5490 & A5604	Exploratory Permit	995,528	33.33	331,843	\$ 0.75	\$ 248,900
Prince of Wales Strait A3706-A3718	Exploratory Permit	819,883	25.00	204,971	2.00	409,900
Cameron Island East A3737	Exploratory Permit	59,571	12.50	7,446	4.00	29,800
Sabine Peninsula West A2473 & A2474	Exploratory Permit	60,749	25.00	15,187	50.00	759,400
Melville Island South A3761-A3770 A3719-21 & A3435-36	Exploratory Permit Exploratory Permit	402,403 300,591	25.00 25.00	100,601 75,148	2.00 2.00	201,200 150,300
Eglinton Island East A3722-25, A3426-30 & A3432-33	Exploratory Permit	509,677	25.00	127,420	2.00	254,800
Prince Patrick Island South A3431, A3434 & A3740-44 A2513-14 & A2552	Exploratory Permit Exploratory Permit	283,546 156,263	25.00 1.0 (1)	70,887 1,563	2.00 2.00	141,800 15,600
Prince Patrick Island West A3760	Exploratory Permit	57,392	25.00	14,348	5.00	71,700
Ellef Ringnes West A3738 & A3739	Exploratory Permit	75,240	16.67	12,543	2.00	25,100
Ellef Ringnes North A3726-36 A5936-55	Exploratory Permit Exploratory Permit	515,905 882,411	16.67 25.00	86,001 220,603	2.00 0.50	172,000 110,300
Norwegian Bay A3745-59	Exploratory Permit	476,739	12.50	59,593	2.00	119,200
TOTAL ARCTIC ISLANDS		5,595,898		1,328,154		\$2,710,000

NORTHWEST TERRITORIES - YUKON

5940-43	Exploratory Permit	138,642	37.50	51,991	\$ 2.00	\$ 104,000
5820-22 & 5824&25	Exploratory Permit	216,092	25.00	54,023	2.00	108,000
5823 & 5826	Exploratory Permit	72,174	1.50 (1)	1,083	2.00	10,800
114 & 115	Pros. Permit	21,930	50.00	10,965	0.82	9,000
TOTAL NORTHWEST TERRITORIES - YUKON		488,838		118,062		231,800

Table 1 (Continued)

SUMMARY OF VALUES
PROSPECTIVE LAND HOLDINGS

August 1, 1970

PAN OCEAN OIL (CANADA) LTD.

Canadian and North Sea Properties

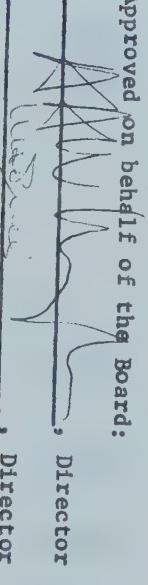
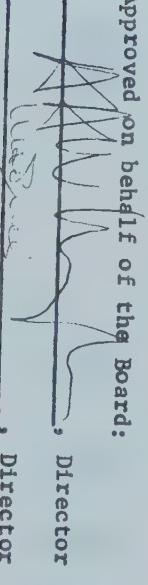
James A. Lewis Engineering Co. Ltd.
 Petroleum Reservoir Analysts
 9660; 8-10-70

Area	Type of Holding	Gross Acres	PAN OCEAN INTEREST		VALUE ASSIGNED	
			Per Cent	Net Acres	Per Acre	Total
ARCTIC						
Foxe Basin M3554-M3563	Exploratory Permit	493,356	25.00	123,339	0.30	37,000
BAFFIN ISLAND EAST						
M3430-M3450	Exploratory Permit	1,158,884	25.00	289,721	0.50	144,900
BEAUFORT SEA						
A3774-79	Exploratory Permit	285,821	25.00	71,455	1.00	71,400
HUDSON BAY						
W3864-68	Exploratory Permit	285,644	45.00	128,540	0.50	64,300
W4561-66	Exploratory Permit	394,596	25.00	98,649	0.50	49,300
W4612-36	Exploratory Permit	1,604,870	16.67	267,532	0.50	133,800
TOTAL HUDSON BAY		2,285,110		494,721		247,400
EAST COAST OFFSHORE						
Newfoundland West W4538-43	Exploratory Permit	363,910	50.00	181,955	\$ 0.10	\$ 18,200
Newfoundland East W5742-61	Exploratory Permit	1,603,867	25.00	400,967	0.50	200,500
Labrador Shelf W5907-13	Exploratory Permit	394,298	25.00	98,575	0.50	49,300
Flemish Cap W5898-5906	Exploratory Permit	735,837	25.00	183,959	0.10	18,400
TOTAL EAST COAST OFFSHORE		3,097,912		865,456		286,400
NORTH SEA 16-3 & 16-7	Concession	110,407	10.00	11,041	15.00	165,600
GRAND TOTAL		13,476,226		3,301,949		\$3,894,500

FINANCIAL STATEMENTS

UNITED BATA RESOURCES LIMITED
(Non-Personal Liability)

Consolidated Balance Sheet
June 30, 1970

<u>Assets</u>	<u>Liabilities</u>
Current assets:	
Due from joint venture participants	\$ 628,182
Investments in marketable securities at cost (quoted market value \$3,800)	6,961
Inventory of supplies	2,490
Prepaid expenses	<u>3,529</u>
Total current assets	641,162
Investments in non-consolidated subsidiaries (Notes 1 and 2)	
Other investments, at cost, less amounts written off	2
Fixed assets, at cost less depreciation and depletion:	
Producing oil and gas properties and development thereon (including capped gas wells \$539,068)	\$ 935,744
Lease and well equipment	233,182
Furniture and fixtures	18,768
Automotive equipment	<u>24,365</u>
Less depreciation and depletion	1,212,059
Gas plant under construction	<u>87,812</u>
Non-producing oil and gas properties	1,124,247
Non-producing mineral claims	1,239,750
Other, at cost:	
Refundable deposits	21,628
Incorporation expenses	13,181
Leasehold improvements	<u>56,998</u>
	<u>5,558,641</u>
Current liabilities:	
Bank overdraft	\$ 21,437
Accounts payable and accrued liabilities	<u>1,112,187</u>
Total current liabilities	1,133,624
Bank loan, secured (Note 3)	2,900,000
Shareholders' equity (Note 4):	
Capital stock:	
Shares with a nominal or par value of 50 cents each. Authorized 10,000,000 shares; issued 8,481,460 shares	\$ 4,240,730
Contributed surplus	<u>689,295</u>
	<u>4,930,725</u>
Deficit	<u>(2,672,734)</u>
Contingencies and commitments (Note 5)	2,257,991
Approved on behalf of the Board:	
 _____, Director	
 _____, Director	

UNITED BATA RESOURCES LIMITED
(Non-Personal Liability)

Consolidated Statement of Profit and Loss and Deficit
Eight Months ended June 30, 1970

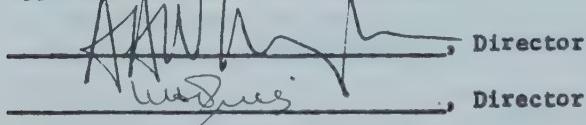
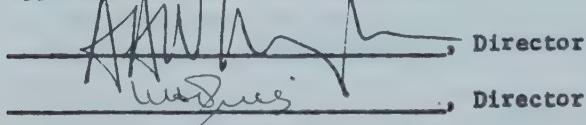
Revenue:	
Production and royalty	\$ 34,312
Expenses:	
Production	\$ 14,155
Lease rentals, non-producing properties	50,338
Depreciation and depletion	36,727
Dry holes and abandonments	980,407
Operating and general (Note 6)	<u>443,520</u> <u>1,525,147</u>
Net loss before the following	1,490,835
Write down of investments	20,646
Other income	(10,006) <u>10,640</u>
Net loss (Note 7)	1,501,475
Deficit, beginning of the period	<u>1,171,259</u>
Deficit, end of period	\$ 2,672,734

Consolidated Statement of Source and Application of Funds
Eight Months ended June 30, 1970

Source of funds:	
Bank loan	\$ 2,650,000
Issue of share capital	220,456
Other	<u>2,000</u>
Total funds available	<u>2,872,456</u>
Use of funds:	
Operations:	
Net loss for the period	1,501,475
Deduct charges not requiring an outlay of funds:	
Depreciation and depletion	\$ 36,727
Write down of investments	20,646
Dry holes and abandonments	980,407
Profit on disposal of fixed assets	(540) <u>1,037,240</u>
Net funds used in operations	464,235
Gas plant under construction	1,163,772
Purchase of fixed assets	1,477,003
Conversion of balance of 7½% convertible debentures	<u>7,000</u>
Total funds used	<u>3,112,010</u>
Increase in working capital deficiency	\$ 239,554

See accompanying notes to financial statements.

Approved on behalf of the Board:

 , Director
 , Director

UNITED BATA RESOURCES LIMITED
(Non-Personal Liability)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 1970

PRINCIPLES OF CONSOLIDATION AND ACCOUNTING POLICIES:

The consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries, Bata Resources Inc. and United Bata (U.K.) Ltd. All intercompany accounts and transactions have been eliminated on consolidation. Two other wholly-owned subsidiaries, Bata Utilities Ltd. and Resource Management Ltd., have not been consolidated since these companies have been inactive since acquisition and the directors have resolved that they be wound up.

All costs of oil, gas and mineral properties are capitalized when acquired. When properties are proven to be productive the original cost is transferred to the producing oil, gas and mineral properties account and written off by a depletion charge calculated on the unit of production method.

All drilling and exploration costs are initially capitalized. If on completion, a well is not capable of commercial production or a property proves to be unproductive, costs are immediately written off. The costs of successful wells and exploration, other than equipment costs, are written off by depletion charges on the unit of production method in the same manner as the cost of producing oil, gas and mineral properties.

Equipment costs are depreciated on the reducing balance method at rates estimated to write off the costs over the useful lives of the assets.

2. INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES:

Bata Utilities Ltd. -----	\$ 1
Resource Management Ltd. -----	<u>1</u>
	<u><u>\$ 2</u></u>

Investments in non-consolidated subsidiaries have been written down to estimated realizable value.

3. BANK LOAN:

The bank loan is secured under Section 82 of the Bank Act (Canada) by assignments of the Company's interest in certain hydrocarbon reserves. Under the terms of the loan agreement, principal repayments are to commence no later than January 1, 1971; the term of repayment is not to exceed seven years. The Company's bankers are prepared to extend up to \$7,000,000 under this line of credit.

4. CAPITAL STOCK:

During the period stock options were exercised to the extent of 25,000 shares for a cash consideration of \$43,750 of which \$12,500 was credited to capital stock and \$31,250 was credited to contributed surplus.

7,000 shares of the Company were issued upon conversion of the balance of the 7½% convertible debentures, at a price of \$1 per share, of which \$3,500 was credited to capital stock and \$3,500 was credited to contributed surplus. All of the 7½% convertible debentures originally authorized and issued have now been fully converted into common shares of the Company.

500,000 share purchase warrants now detached from the above-referenced debentures are outstanding and confer upon the holders thereof the right to purchase in the aggregate 500,000 common shares of the Company during the period ended January 1, 1979 at prices escalating from \$1.50 to \$3.50 per share.

Pursuant to an agreement dated May 28, 1969, 17,770 shares of the Company were issued on behalf of Bata Resources Inc., a wholly-owned subsidiary as consideration for the purchase of certain oil and gas interests in the amount of \$169,706. Of this amount \$8,885 was credited to capital stock and \$160,821 was credited to contributed surplus.

The Company granted to an employee the right to purchase up to 5,000 shares annually during each of the three years extending from October 14, 1969 to October 13, 1972 at a price of \$5 per share.

On June 3, 1970 the Company changed its stock-option plan with the following effect:

Previously granted rights to purchase shares at \$2 per share remain in force as follows:

Number of shares	Exercise period
25,000	January 7, 1971 - January 6, 1972
30,000	August 1, 1970 - July 31, 1971
15,000	August 1, 1970 - July 31, 1971

Previously granted rights to purchase 111,666 shares were cancelled. Rights were granted to purchase 190,000 shares in equal annual amounts on a cumulative basis at a price of \$2 per share during the four year period ending May 31, 1974.

The Company has reserved 160,000 shares for additional rights to purchase shares under its stock-option plan.

As a result of the above changes the Company's reserved share position at June 30, 1970 is as follows:

500,000 shares in respect to stock purchase warrants
260,000 shares in respect to stock options granted
160,000 shares in respect to stock options not granted
920,000

On July 27, 1970, the Company entered into an Agreement superseded by a second Agreement dated August 14, 1970 with Pan Ocean Oil Corporation (hereinafter called "Pan Ocean") and Pan Ocean^{Oil} (Canada) Ltd. (hereinafter called "Pan Ocean Canada") which, subject to approval of appropriate regulatory authorities and counsel and to formal documentation, in part and in essence provides as follows:

On or before October 15, 1970, Pan Ocean will lend \$7,000,000 to the Company to be secured by a convertible debenture as a first and fixed charge against the Company's interest in six sections of its Strachan, Alberta properties and as a first floating charge against the Company's assets and undertakings. The debenture will have a term of five years and will bear interest at 5 3/4% per annum payable semi-annually and will be convertible throughout its term and at any time in whole or in part, into common shares of the Company at a price of \$3.75 per share. Funds so derived will be used to discharge the Company's bank indebtedness; for plant participation and development drilling; and to obtain release of security presently granted to the Bank of Montreal.

The debenture will be redeemable in whole or in part during its third to fifth years at premiums varying from 6% to 2% and will require sinking fund payments during the fourth and fifth years equal to 50% of the Company's net income during each of those years with minimum payments of \$1,750,000 during each of such fourth and fifth years.

The debenture will carry share purchase warrants to purchase two million shares of the Company as follows: one million shares until September 30, 1973, at a price of \$4.00 per share and one million shares until September 30, 1975, at a price of \$6.35 per share - such warrants to be exercisable at any time in whole or in part during the period from the date of issue of the debenture to their indicated expiry dates.

Pan Ocean Canada will sell to the Company its interest in certain exploratory permits (net interest to be acquired approximately 3,300,000 acres) located largely in the Arctic Islands, Hudson Bay and Canadian East Coast offshore and a ten percent working interest in a North Sea permit comprising 110,000 acres in exchange for 500,000 treasury shares of the Company.

The Company shall, by requisite corporate action, reserve and keep reserved 1,866,666 shares for issuance upon conversion of the debenture and 2,000,000 shares for issuance upon exercise of the share purchase warrants.

The Company's unissued and unreserved share capital position will not presently accommodate certain of the terms above and an Extraordinary General Meeting of Shareholders has been called for August 28, 1970, to pass a Resolution increasing Authorized Capital.

5. COMMITMENTS AND CONTINGENCIES:

In addition to expenditure to June 30, 1970 the Company is committed to expend approximately \$3,400,000 in respect of its participation in a gas plant and gathering system presently under construction.

The Company entered into agreements effective as of December 20, 1968 with each of Stampede Oils Ltd. (In Voluntary Liquidation), Galaxy Copper Ltd. (In Voluntary Liquidation), Bata Resources Limited (In Voluntary Liquidation), to purchase the whole of their business and properties in consideration of the assumption of all their liabilities, winding up costs, obligation and the issue in the aggregate of 7,802,015 shares of the Company.

Pursuant to the agreements mentioned above, the Company is contingently liable for the following:

- (a) any liabilities found to be payable by the above companies including share distribution and winding up costs;
- (b) any claims whatsoever which might arise by virtue of the distribution of the shares of the Company to the shareholders of each of the above companies.

No provision has been made in the accompanying financial statements in respect of the foregoing.

6. REMUNERATION OF DIRECTORS:

The remuneration paid during the period to directors as employees of the Company was \$28,067.

7. INCOME TAXES:

For income tax purposes the Company is entitled to claim drilling, exploration and lease acquisition costs and capital cost allowances (depreciation for tax purposes) in amounts which may exceed the related depletion and depreciation provisions reflected in its accounts. For the eight months ended June 30, 1970 the Company does not intend to claim excess capital cost allowance but will claim the other specified deductions in an amount sufficient to eliminate taxable income, and expenditures remain to be carried forward and applied against future taxable income as follows:

Drilling, exploration and lease acquisition costs -----	\$ 5,803,000
Undepreciated capital cost -----	\$ 1,590,000

Management does not believe that it is appropriate to provide for income taxes deferred as a result of claims for drilling, exploration and lease acquisition costs; while the view of management conforms with general practice in the oil and gas industry and is accepted by accounting authorities outside Canada, it differs from the tax allocation basis of accounting recommended by the Accounting and Auditing Research Committee of The Canadian Institute of Chartered Accountants under which the income tax provision is based on the income reported in the accounts.

If the tax allocation basis had been followed for all timing differences between taxable income and reported income, deferred income taxes of \$53,100 would have been recovered and the net loss for the period reduced accordingly. The balance of accumulated income tax reductions relating to all timing differences would then be nil at June 30, 1970.

ENGINEER'S REPORT

Note: The following is a report by J.R. Dundas, P. Eng., dated August 1st 1970, on the valuation of petroleum and natural gas prospective land holdings owned by Pan Ocean Oil (Canada) Limited. A copy of this report is on file with the Toronto Stock Exchange.

JAMES A. LEWIS ENGINEERING CO. LTD.

Petroleum Reservoir Analysts
500, 736 EIGHTH AVENUE S.W.
CALGARY 2, ALBERTA

August 10, 1970

File: 9660

United Bata Resources Limited (N.P.L.)
1050 Three Calgary Place
355 Fourth Avenue S.W.
Calgary 1, Alberta

Attention: Mr. A. A. W. Kryczka

Gentlemen:

In accordance with your authorization we have estimated the fair market value of the prospective land holdings owned by Pan Ocean Oil (Canada) Ltd. The effective date of this appraisal is August 1, 1970.

The land holdings of the company are located in the Canadian Arctic, Northwest Territories - Yukon, Hudson Bay, East Coast Offshore, Canada and the North Sea. The acreage is held by the company under exploratory permits and concessions. A detailed listing of the properties appraised together with the value assigned each acreage block is presented in Table 1. A resume of the prospective land holdings and their associated value follows:

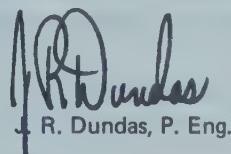
	Net Acres	Value
Arctic Islands	1,328,154	\$2,710,000
Northwest Territories - Yukon	118,062	231,800
Arctic	123,339	37,000
Baffin Island-East	289,721	144,900
Beaufort Sea	71,455	71,400
Hudson Bay	494,721	247,400
East Coast Offshore	865,456	286,400
North Sea	11,041	165,600
TOTAL	3,301,949	\$3,894,500

The values assigned the various acreage blocks are based on recent trades effected in the respective areas, known geological features, exploratory activity and other pertinent factors such as accessibility and marketing conditions. No effort has been made to establish the intrinsic values of these properties from detailed geological analyses as such values would undoubtedly be highly speculative in most instances when little exploratory work has been done and would require various degrees of adjustment in order to arrive at reasonable estimates of fair market value.

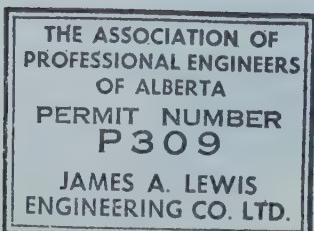
All interest and other factual data utilized in the preparation of this report have been accepted as represented by Pan Ocean Oil (Canada) Ltd. The opportunity to be of service is appreciated and should you require additional information, please feel free to call at your convenience.

Very truly yours,

JAMES A. LEWIS ENGINEERING CO. LTD.


R. Dundas, P. Eng.

JRD:mc

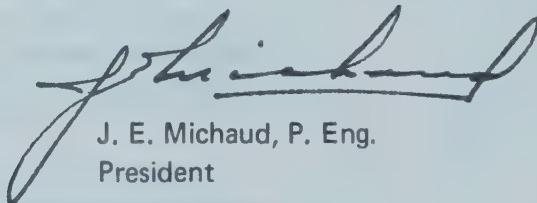


CERTIFICATE OF QUALIFICATION

This is to certify that James A. Lewis Engineering Co. Ltd., with offices located at 736 Eighth Avenue S.W., Calgary 2, Alberta, Canada, did prepare an appraisal report on the prospective land holdings owned by Pan Ocean Oil (Canada) Ltd. in Canada and the North Sea, as of August 1, 1970.

- (1) James A. Lewis Engineering Co. Ltd. is a corporation of consulting petroleum engineers, engaged primarily in the appraisal and supervision of petroleum and natural gas properties.
- (2) J. R. Dundas, Petroleum Engineer, was the person directly responsible for the preparation of this report. Mr. Dundas has in excess of ten years experience in petroleum engineering and has been associated with James A. Lewis Engineering Co. Ltd. for approximately nine years. Petroleum property evaluation experience of Mr. Dundas extends throughout the United States of America and Canada. He is an engineering graduate from the University of Saskatchewan, Saskatoon, Saskatchewan. Mr. Dundas is a registered member of the Association of Professional Engineers in the Province of Alberta and is a member of the Society of Petroleum Engineers of CIM and AIME.
- (3) James A. Lewis Engineering Co. Ltd. has no interest, directly or indirectly, nor does it expect to receive any interest, directly or indirectly, in any of the properties or securities owned by Pan Ocean Oil (Canada) Ltd.
- (4) The properties studied in this report are located in the Canadian Arctic, Northwest Territories - Yukon, Hudson Bay, East Coast Offshore, Canada and the North Sea.

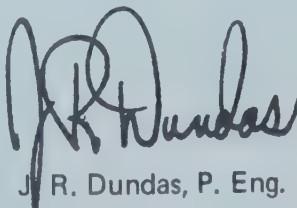
JAMES A. LEWIS ENGINEERING CO. LTD.



J. E. Michaud, P. Eng.
President

Calgary, Alberta
August 10, 1970

I, J. R. Dundas, hereby certify that I have no interest, directly or indirectly, nor do I expect to receive any interest, directly or indirectly, in any of the properties or securities owned by Pan Ocean Oil (Canada) Ltd.



J. R. Dundas, P. Eng.

Calgary, Alberta
August 10, 1970

11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	Pan Ocean Oil (Canada) Ltd., 970 Three Calgary Place, Calgary 1, Alberta, Canada. As to certain oil and gas properties in consideration of 500,000 treasury shares, see also Item 1.									
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	<p>Pan Ocean Oil (Canada) Ltd. is a wholly-owned subsidiary of Pan Ocean Oil Corporation - 110 East 59 Street, New York, N.Y., U.S.A.</p> <p>Pan Ocean Oil (Canada) Ltd. (20,000 common shares of no par value authorized - three shares issued) the vendor in the transaction contemplated (see Schedule Item 1) is a wholly-owned subsidiary of Pan Ocean Oil Corporation, 110 East 59 Street, New York, N.Y. U.S.A. - (10,000,000 shares of 1¢ par value authorized - 4,441,114 shares issued). The names of persons having a greater than 5% interest in Pan Ocean Oil Corporation are as follows:</p>									
	<table> <tbody> <tr> <td>Neil A. McConnell</td> <td>1 Wall Street</td> <td>New York, N.Y., U.S.A.</td> </tr> <tr> <td>Louis Marx Jr.</td> <td>767-5 Avenue</td> <td>New York, N.Y., U.S.A.</td> </tr> <tr> <td>Louis Marx & Co. Inc. Pension Trust "L"</td> <td>c/o Seymour Wane 200-5 Avenue</td> <td>New York, N.Y., U.S.A.</td> </tr> </tbody> </table>	Neil A. McConnell	1 Wall Street	New York, N.Y., U.S.A.	Louis Marx Jr.	767-5 Avenue	New York, N.Y., U.S.A.	Louis Marx & Co. Inc. Pension Trust "L"	c/o Seymour Wane 200-5 Avenue	New York, N.Y., U.S.A.
Neil A. McConnell	1 Wall Street	New York, N.Y., U.S.A.								
Louis Marx Jr.	767-5 Avenue	New York, N.Y., U.S.A.								
Louis Marx & Co. Inc. Pension Trust "L"	c/o Seymour Wane 200-5 Avenue	New York, N.Y., U.S.A.								
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	<p>At the time the debentures were originally issued, each of the holders executed an "investment letter" and lodged same with the British Columbia Securities Commission which letters provided that the holders would not sell or dispose of any of the shares of the Company into which the debentures may be converted (note that all debentures have been converted as of December 23, 1969, into 500,000 common shares) or any of the shares of the Company which may be issued upon exercise of all or any of the warrants attached thereto (note that warrants have been detached but rights thereunder have not yet been exercised) without first complying with the requirements of the Vancouver Stock Exchange and of the Securities Act, 1967, of the Province of British Columbia, applicable thereto. The requirements contemplated in the "investment letter" are those relating to the sale by the shareholder of shares which have not previously been distributed to the public and have not been qualified for sale by virtue of the acceptance by the appropriate regulatory body, in this case the Vancouver Stock Exchange, of a Statement of Material Facts.</p>									
	<p>Reproduced below is a copy of a note prepared by Company counsel which was attached to the share certificates themselves when delivered upon conversion.</p>									
4. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	<ol style="list-style-type: none"> Neither the shares of United Bata Resources Limited (N.P.L.), nor the share purchase warrants which you have now received, nor any shares which you might acquire as the result of exercising of such warrants have been qualified for sale to the public in the United States of America or in any of the territories or possessions thereof. Although the shares of the Company are listed for trading on the Vancouver Stock Exchange and the shares and warrants which you have received were derived from or attached to debentures issued pursuant to an exemption granted by the British Columbia Securities Commission, such exemption does not entitle you, if you could be considered as being one of a group of persons in a position to materially affect control of the Company, to sell the shares, or any shares which you might hereafter receive on the exercising of the warrants, either through the facilities of the Vancouver Stock Exchange or otherwise to the public in British Columbia or elsewhere in Canada in a series of transactions which would be deemed to constitute primary distribution under the laws of the jurisdiction in which such shares are sold, unless the requirements of such jurisdiction relating to the primary distribution of issued shares have first been satisfied. 									
	None									

15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.

The following are the five largest registered shareholders of United Bata (exclusive of the Liquidator of Bata Resources Limited (N.P.L.) (In Voluntary Liquidation) as at August 12, 1970:

<u>Name and Address</u>	<u>No. of Shares</u>
Richardson Securities of Canada 173 Portage Avenue East Winnipeg, Manitoba	443,732
Standard Securities Ltd. 185 Bay Street Toronto, Ontario	348,478
Nesbitt, Thomson & Co. Ltd. 355 St. James Street West Montreal, Quebec	336,159
Doherty, Roadhouse & McCuaig Simpson Tower Toronto, Ontario	229,385
Bache & Co. Inc. 18 King Street East Toronto, Ontario	176,137

None of the above-described shareholders would appear to be beneficial.

The Liquidators of United Bata's predecessors continue to hold in their names certain shares of United Bata for distribution, on the basis hereinafter set out, to the shareholders of the predecessor companies upon the latter surrendering to the respective Registrar and Transfer Agent of the predecessors, as hereinafter indicated, the certificates representing the shares of the predecessor to which they are entitled, as follows:

<u>Liquidator</u>	<u>Number of Shares of United Bata Held</u>	<u>Distribution Rates</u>	<u>Trust Company to which shares of Predecessor to be Surrendered</u>
Allan H. Ainsworth Liquidator of Bata Resources Limited (in Voluntary Liquidation)	266,890	1 share of United Bata for 1 share of Bata Resources Limited	Canada Permanent Trust Company at either 455 Granville Street Vancouver 2, British Columbia or: 1778 Scarth Street Regina, Saskatchewan
Thomas G. Kendall Liquidator of Galaxy Copper Ltd. (in Voluntary Liquidation)	31,758	1 share of United Bata for 2-1/2 shares of Galaxy Copper Ltd.	The Canada Permanent Trust Company 901 West Pender Street Vancouver 1, British Columbia
William J. Worrall Liquidator of Stampede Oils Ltd. (in Voluntary Liquidation)	26,916	2 shares of United Bata for 1 share of Stampede Oils Ltd.	Guaranty Trust Company of Canada 580 Hornby Street Vancouver 1, British Columbia

16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.

There is no person who at the present time is in a position to materially affect control of United Bata; however, the present Board of Directors may be in a position to affect control but only if they are able to obtain sufficient proxies from shareholders in combination with their personal holdings and any which they might represent. If the Agreement referred to (Item 1) is effected and provided the Company's Authorized Capital is increased in amount sufficient to accommodate the terms of the Agreement and if Pan Ocean Oil Corporation subsequently exercises its right of debenture conversion and its share purchase rights under warrants to be granted, then that Company's shareholdings in conjunction with those of its subsidiary Pan Ocean Oil (Canada) Ltd. might, under appropriate circumstances, be large enough to materially affect control of the Company.

17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.

Investments in Other Companies:

United Bata acquired certain investments in the securities of other companies from one or other of its predecessors, some of which it has sold.

Those retained are as follows:

(a) **Marketable Securities:**

(i) Shares which it is anticipated could be disposed of at market:

	<u>Indicated Cost to Predecessor</u>	<u>Market (as at August 14, 1970)</u>
Banff Oils Ltd.: 500 shares	\$ 6,960.65	\$ 5,125.00

(ii) Shares which could not readily be disposed of at market:

	<u>Acquisition Cost Attributed by United Bata</u>	<u>Presently Estimated Realizable Value to which investment now written down</u>
Seeburg Corporation: 1,000 shares	\$ 32,946.68	\$ 1.00
Continental Potash Corporation Ltd.: 1,114,528 shares (See (b) (ii) (A) below as to addi- tional shares held by subsidiary of a subsidiary)	\$111,452.80	\$ 1.00

(b) **Shares of Private Companies:**

(i) Not subsidiary:

	<u>Acquisition Cost Attributed by United Bata</u>	<u>Presently Estimated Realizable Value to which investment now written down</u>
Bermur Realty Ltd.: 44,000 shares	\$ 44,000.00	\$ 1.00

(ii) Wholly-owned Subsidiaries:

(A) Not Consolidated in United Bata's Financial Statements Made
Up to October 31, 1969:

	<u>Acquisition Cost Attributed by United Bata</u>	<u>Presently Estimated Realizable Value to which investment now written down</u>
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Resource Management Ltd.:
(formerly a subsidiary of
Stampede Oils Ltd.): in-
active pending liquidation

\$151,000.00

\$ 1.00

Bata Utilities Ltd.: (formerly
subsidiary of Bata Resources
Limited): inactive pending
liquidation

\$150,000.00

\$ 1.00

Note: No value is attributed to the subsidiaries of Bata Utilities Ltd. - Associated Development Company Limited and Unity Gas Supply Company Limited which are to be wound up concurrently with the winding up of Bata Utilities Ltd.

Consolidated in United Bata's Financial Statements:

Bata Resources Inc., a Montana corporation: a wholly-owned subsidiary, formerly of Bata Resources Ltd. now of United Bata: 3 shares issued with a par value of \$10.00 (U.S.) each.

United Bata (U.K.) Ltd. - a United Kingdom company presently in the preliminary stages of incorporation as a wholly-owned subsidiary.

18. Brief statement of any lawsuits pending or in process against company or its properties.

None

19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.

There are no material contracts not disclosed under the other items herein and in the Schedules hereto save and except for management contracts

MANAGEMENT CONTRACTS:

The merger minute giving effect to the acquisition of assets and the assumption of liabilities of the three predecessor companies provided that United Bata Resources Limited would retain Viceroy Investment Corp. Ltd. (of which Phillip DeZwirek is the principal shareholder) to furnish the corporate administrative services of Phillip DeZwirek and corporate office accommodation and facilities including secretarial and clerical services for a fee of \$2,500 per month and the Directors of the Company empowered the execution of an agreement to retain Viceroy Investment Corp. Ltd. The Management agreement dated January 3, 1969, for a term of five years from January 3, 1969, provides for monthly remuneration of \$2,500.

The Company has also entered into employment contracts with other key management personnel as follows:

Date	Name	Period to Period	Position	Annual Remuneration
May 1, 1970	A.A.W. Kryczka	May 1/70 - Apr. 30/75	President	\$ 40,000.00
May 1, 1970	W. H. Price	May 1/70 - Apr. 30/75	Executive Vice-President	\$ 30,000.00
May 1, 1970	J.B. Cotsworth	May 1/70 - Apr. 30/75	Secretary Treasurer	\$ 20,700.00
July 1, 1970	N.S. Brumwell	July 1/69 - June 30/71	Chief Geologist	\$ 20,400.00
Oct. 14, 1969	J. K. Grove	Oct. 14/69 - Oct. 13/71	Chief Landman	\$ 20,400.00

20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.

No shares of the Company are in the course of primary distribution.

An Agreement with Bennett International Services Ltd. a British Columbia Company, whereunder the Company proposed to purchase 2,000 feet of "Kains Offshore Filtration Boom" at a price of \$50,000 on a lease - bank arrangement, also providing to the Company certain overrides on Bennett's gross receipts and an option to expand the arrangement has been cancelled by Agreement and the Company will recover the \$50,000 so advanced by way of twelve equal monthly payments from Bennett International Services Ltd. from May 18, 1970.

A proposed amalgamation of the Company and Planet Oil & Mineral Corporation of Dallas, Texas will not be proceeded with and all discussions or negotiations in such respect have been dropped.

A takeover offer by Canadian Industrial Gas & Oil Ltd. submitted to the Company's (non U.S. resident) shareholders under date of June 26, 1970 was subsequently withdrawn on July 31, 1970.

"The shares of the Company to be received by Pan Ocean Oil Corporation and Pan Ocean Oil (Canada) Ltd. under the Agreement dated August 14, 1970, between United Bata Resources Limited (N.P.L.) and the aforesaid Companies will be held by those Companies for investment purposes.

"Investment letters" have been provided to the effect that such shares will not be sold or otherwise disposed of until the requirements of the regulatory bodies having jurisdiction have first been met."

DATED August 14, 1970
CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"A.A.W. Kryczka"

"W.H. Price"

CORPORATE SEAL

PRESIDENT DIRECTOR

CERTIFICATE OF UNDERWRITER OR OPTIONEE DIRECTOR

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

